

PRUDENTIAL FINANCIAL INC
Form 11-K
June 21, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K

(MARK ONE)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number 001-16707

Full title of the plan and the address of the plan, if different from

that of the issuer named below:

The Prudential Employee Savings Plan

Name of issuer of the securities held pursuant to the plan and the

address of its principal executive office:

Prudential Financial, Inc.

751 Broad Street

Newark, New Jersey 07102

Financial Statements and Exhibits

(a) Financial Statements for the Year Ended December 31, 2015, and Independent Registered Public Accounting Firm's Report.

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(b) The financial statements required to be filed hereunder appear commencing at page 3 hereof.

(c) Exhibits

(1) Exhibit 23.1 Consent of Independent Registered Public Accounting Firm (following financial statements).

Table of Contents

The Prudential Employee Savings Plan

Financial Statements and Supplemental Information

(Modified Cash Basis)

December 31, 2015 and 2014

CBA

Compensation & Benefits Accounting

Employee Benefit Plans Regulatory Reporting (EBPRR)

3 Gateway Plaza 8th Floor Newark, NJ 07102

Table of Contents

The Prudential Employee Savings Plan

Table of Contents

December 31, 2015 and 2014

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	1 - 2
Financial Statements	
<u>Statements of Net Assets Available for Benefits as of December 31, 2015 and December 31, 2014 (Modified Cash Basis)</u>	3
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2015 (Modified Cash Basis)</u>	4
<u>Notes to Financial Statements</u>	5 - 35
Supplemental Information*	
<u>Schedule I Schedule of Assets Held for Investment Purposes</u>	36 - 41

* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA are not included as they are not applicable.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of

The Prudential Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of The Prudential Employee Savings Plan (the Plan) as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the financial statements and supplemental schedule have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets held for investment purposes (modified cash basis) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information

1299 Pennsylvania Avenue NW Suite 1120 Washington District of Columbia 20004 P 202.803.2335 F
202.756.1301

Table of Contents

presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Washington, DC

June 15, 2016

- 2 -

Table of Contents**The Prudential Employee Savings Plan****Statements of Net Assets Available for Benefits****(Modified Cash Basis)****December 31, 2015 and 2014**

	2015	2014 *
Assets:		
Investments at contract value		
PESP Fixed Rate Fund (Note 3)	\$ 3,308,570,646	\$ 3,284,834,780
Investments at fair value		
Custom Plan Investments		
Alliance Bernstein Core Opportunities Fund	443,713,094	
Delaware Small Cap Core Equity Fund	197,706,869	
Insurance Company Separate Accounts		
Artisan U.S. Mid-Cap Value Fund		216,103,236
Core Bond Enhanced Index/PGIM Fund	133,081,668	123,354,368
Jennison Mid-Cap Growth Fund		203,087,776
Large Cap Growth/Jennison Fund		496,272,197
Large Cap Value/LSV Asset Management Fund		288,667,628
Prudential Retirement Real Estate Fund	121,097,186	98,965,473
QMA International Developed Markets Index Fund	165,357,271	178,803,686
QMA U.S. Broad Market Index Fund	971,621,412	638,680,484
Small Company Stock Account, VCA-6		443,257,342
Wells Capital International Bond Fund	41,248,476	37,887,042
Common/Collective Trusts		
Jennison Opportunistic Equity Fund CIT	425,179,309	
Prudential High Yield Collective Investment Trust	62,505,254	64,810,476
Wellington Trust Co. International Opportunities Fund	153,344,246	153,375,513
Registered Investment Companies		
Fidelity Government Income Fund		20,775,863
Prudential Jennison Natural Resources Fund, Class Q	56,383,754	49,614,558
Vanguard Intermediate Government Bond Index Fund	22,601,239	
Vanguard Small Cap Index Fund	218,910,645	
Vanguard Emerging Market Stock Index Fund	42,909,164	
Master Trust (Note 12)		
Prudential Financial, Inc. Common Stock Fund	99,052,766	87,573,837
Prudential Financial, Inc. Common Stock Fund - (ESOP) (Note 9)	585,217,360	629,789,065

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Prudential IncomeFlex Select		
Aggressive Growth Fund	97,141,335	98,945,357
Conservative Growth Fund	17,176,050	19,261,105
Moderate Growth Fund	36,525,029	38,143,184
Prudential IncomeFlex Target Balanced Fund	19,525,365	12,355,374
Total investments at fair value	3,910,297,492	3,899,723,564
Total investments	7,218,868,138	7,184,558,344
Notes receivable for participant loans	48,642,726	47,481,058
Noninterest-bearing cash	60	
Net assets available for benefits	\$ 7,267,510,924	\$ 7,232,039,402

* Certain prior year balances have been reclassified to conform to the current year presentation.
The accompanying notes are an integral part of these financial statements.

Table of Contents**The Prudential Employee Savings Plan****Statement of Changes in Net Assets Available for Benefits****(Modified Cash Basis)****For the Year Ended December 31, 2015****Additions to net assets:**

Investment income:

Net depreciation in fair value of investments (Note 4)	\$ (28,696,181)
Interest and dividend income	137,505,467
Other income	1,294,567

Total investment income	110,103,853
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Investment expenses (Note 6)

Net investment income	110,103,853
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Interest income on notes receivable from participants	1,591,554
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Contributions:

Employer	64,071,934
Employee	186,568,900
Rollover	38,138,302

Total contributions	288,779,136
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Total additions	400,474,543
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Deductions from net assets:

Benefits paid to participants	364,001,197
Administrative expenses	1,001,824

Total deductions	365,003,021
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Net increase	35,471,522
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Net assets available for benefits:

Beginning of year	7,232,039,402
End of year	\$ 7,267,510,924

The accompanying notes are an integral part of these financial statements.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan

The following description of The Prudential Employee Savings Plan (the Plan or PESP) provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan generally covering all United States employees and statutory agents of The Prudential Insurance Company of America (the Company) and its participating affiliates. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Participation

Each eligible employee may enroll in PESP at any time, starting on their first day of employment with the Company and its participating affiliates.

Employees who do not affirmatively elect either to participate or to decline participation in PESP within 30 days of hire, are enrolled automatically in PESP until they affirmatively elect otherwise.

Contributions

Employee Contributions. Participants can contribute from 1% to 50% of eligible earnings as defined in the Plan, in any combination of before-tax, Roth 401(k) (after-tax), and/or traditional after-tax contributions. Through automatic enrollment, participants contribute 4% of eligible earnings on a before-tax basis. Rollover contributions are allowed.

Participants may elect to increase, decrease or stop their contributions at any time, subject to the Company's Personal Securities Trading Policy.

Roth In-Plan Rollovers. Participants may elect to rollover all or a portion of their vested Plan account that is then available for distribution or in-service withdrawal into Roth (after-tax) funds. Participants are required to pay income taxes on the amount rolled over and, assuming the applicable holding period and distribution requirements are satisfied, the Roth In-Plan Rollover held in the Plan together with subsequent investment earnings will not be subject to Federal income taxes at the time of distribution. Participants are permitted to make up to four (4) separate Roth In-Plan Rollovers in a single plan year.

Roth In-Plan Rollovers, totaling \$1,347,578 in 2015, are included in Rollovers in the Statement of Changes in Net Assets Available for Benefits.

Company Matching Contributions. The Company matches 100% of before-tax and Roth 401(k) contributions up to a maximum of 4% of eligible earnings. Employees are required to complete one year of service prior to becoming eligible for Company matching contributions.

Catch-Up Contributions. Participants age 50 or older who will reach the 401(k) limit for contributions for the year or certain of the Plan's other limits for contributions, may be eligible to make before-tax and Roth 401(k) catch-up contributions to the Plan during the plan year from eligible earnings. Catch-up contributions are not eligible for Company matching contributions. For 2015, catch-up contributions were limited to \$6,000.

Contributions are subject to certain limitations imposed by applicable provisions of the Plan and the Internal Revenue Code of 1986, as amended (IRC), including compliance with applicable statutory limits and non-discrimination rules.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's matching contributions, and (b) the Plan's net earnings. Allocations are made pursuant to the terms of the Plan based on the participant's eligible earnings and account balances. A participant is entitled to the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their before-tax, Roth 401(k), after-tax, and rollover contributions plus earnings thereon. Generally, participants become 100% vested in Company matching contributions upon the completion of three years of vesting service.

Vesting will be accelerated and participants will be 100% vested in the Company's matching contribution and earnings thereon upon reaching age 65, or as a result of death, or becoming totally disabled while an employee. A participant will be considered totally disabled for purposes of the Plan if he or she is eligible to receive long-term disability benefits under The Prudential Welfare Benefits Plan.

Forfeitures

If a participant terminates employment with the Company prior to full vesting, the non-vested portion of his or her account attributable to the Company matching contributions and earnings thereon is forfeited. If the participant is reemployed within five years from the date of termination, the forfeited amount may be reinstated, subject to certain Plan provisions. During the five-year period, as stated above, the pending forfeiture amounts will continue to be invested in accordance with the participant's investment directions or the Plan's default investment provisions, as applicable. Any amounts not reinstated to a participant, after the five-year period, are considered forfeitures that the Plan permits to be used to reduce future Company matching contributions or to pay administrative expenses.

As of December 31, 2015 and 2014, forfeiture amounts invested in the PESP Fixed Rate Fund amounted to \$1,590,640 and \$1,480,516, respectively. Forfeitures of \$1,500,000 were used to reduce the Company's matching contributions in 2015.

Investment Options

Employee Contributions. Participants may direct their current account balance and future contributions in 1% increments in any of the Plan's investment options.

Participants who are automatically enrolled and do not direct investment of their accounts will be invested by default into the age-appropriate conservative portfolio mix available under GoalMaker®, a computer asset allocation program available to participants as described below.

Generally, there are no restrictions on the participant's investment directions; however, participants are subject to the provisions of the PESP Market Timing Policy. Participant investment direction in regard to the Prudential Financial, Inc. Common Stock Fund is subject to the provisions of the Company's Personal Securities Trading Policy. In addition, participants employed with affiliated service providers may be restricted as to investment directions in connection with certain funds and/or services being provided.

Company Matching Contributions. Half of the Company matching contributions is automatically invested in the Prudential Financial, Inc. Common Stock Fund. The remainder of the participant's Company matching contributions is invested according to the participant's current investment allocation direction or pursuant to the Plan's default investment provisions, as applicable.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

Generally, there are no restrictions on transferring Company matching contributions from the Prudential Financial, Inc. Common Stock Fund to any of the other investment options under the Plan, except for certain limitations including, but not limited to, the provisions of the Company's Personal Securities Trading Policy.

The following are the investment options under the Plan:

PESP Fixed Rate Fund - The goal of the PESP Fixed Rate Fund is to provide preservation of principal and stable competitive interest rates based on current market conditions. The fund credits interest on an annual effective rate basis. The interest crediting rate is reset periodically (currently on a quarterly basis) and is announced in advance. The PESP Fixed Rate Fund is offered under a group annuity contract issued by the Company. It is subject to the credit risk of the Company.

Custom Plan Investments

Alliance Bernstein Core Opportunities Fund - Effective July 24, 2015. This separate account seeks to generate capital appreciation through superior stock selection which is a process rooted in research insight and portfolio manager skill. The portfolio is constructed of approximately sixty investments where the portfolio manager believes there is a significant discount between a company's stock price and intrinsic economic value. The focus is on highly profitable business with strong fundamental prospects and above average capital flexibility. The separate account is offered by the Company and is advised by Alliance Bernstein L.P. 50% of the transition account consisting of the balances of the Artisan U.S. Mid-Cap Value Fund, the Jennison Mid-Cap Growth Fund, the Large Cap Growth/Jennison Fund, and the Large Cap Value/LSV Asset Management Fund were transferred to the fund during the transition period which ended August 6, 2015.

Delaware Small Cap Core Equity Fund - Effective July 24, 2015. This separate account seeks long-term capital appreciation. The strategy invests in stocks of small companies believed to have a combination of attractive valuations, growth prospects, and strong cash flows. The separate account is offered by the Company and is advised by Delaware Investment Advisers. 50% of the transition account consisting of the balance of the Small Company Stock Account, VCA-6 was transferred to the fund during the transition period which ended August 6, 2015.

Insurance Company Separate Accounts

All the Insurance Company Separate Accounts are pooled except for the Artisan U.S. Mid-Cap Value Fund which is a Single Client Account.

Artisan U.S. Mid-Cap Value Fund - This separate account seeks to maximize long-term capital growth using a mid-cap value strategy. The fund primarily invests in the common stocks of mid-capitalization companies that Artisan Partners believes to be undervalued relative to their current market price. It defines a mid-cap company as one that falls within the market capitalization range of companies in the Russell Mid-Cap Index. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Artisan Partners. This investment option was eliminated July 24, 2015. The balance was transferred to a transition account along with the balances of the Jennison Mid-Cap Growth Fund, the Large Cap Growth/Jennison Fund, and the Large Cap Value/LSV Asset Management Fund. The transition account balance was transferred 50% to the Jennison Opportunistic Equity Fund CIT and 50% to the Alliance Bernstein Core Opportunities Fund during the transition period which ended August 6, 2015.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

Core Bond Enhanced Index/PGIM Fund - This separate account seeks to achieve performance results similar to the Barclays Capital U.S. Aggregate Bond Index. This fund invests primarily in corporate and government bonds. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by PGIM, Inc. (previously, Prudential Investment Management, Inc.), also an affiliate of the Company.

Jennison Mid-Cap Growth Fund - This separate account seeks to outperform the Russell Mid-Cap Growth Index on a rolling three-year basis. This fund invests in mid-size companies that may generate above average earnings growth. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Jennison Associates, LLC, also an affiliate of the Company. This investment option was eliminated July 24, 2015. The balance was transferred to a transition account along with the balances of the Artisan U.S. Mid-Cap Value Fund, the Large Cap Growth/Jennison Fund, and the Large Cap Value/LSV Asset Management Fund. The transition account balance was transferred 50% to the Jennison Opportunistic Equity Fund CIT and 50% to the Alliance Bernstein Core Opportunities Fund during the transition period which ended August 6, 2015.

Large Cap Growth/Jennison Fund - This separate account seeks long-term growth of capital and to outperform both the Russell 1000 Growth and S&P 500 Indexes. This fund invests at least 65% in equity securities issued by companies with market capitalization exceeding \$1 billion and believed to have above-average growth prospects. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Jennison Associates, LLC, also an affiliate of the Company. This investment option was eliminated July 24, 2015. The balance was transferred to a transition account along with the balances of the Artisan U.S. Mid-Cap Value Fund, the Jennison Mid-Cap Growth Fund, and the Large Cap Value/LSV Asset Management Fund. The transition account balance was transferred 50% to the Jennison Opportunistic Equity Fund CIT and 50% to the Alliance Bernstein Core Opportunities Fund during the transition period which ended August 6, 2015.

Large Cap Value/LSV Asset Management Fund - This separate account seeks appreciation of capital and to outperform the Russell 1000 Value Index over rolling 3- and 5-year periods, or market cycles if longer. This fund invests primarily in equity-related securities of large companies in a value style. LSV Asset Management employs a quantitative model to select out-of-favor (undervalued) stocks that they believe have the potential for near-term appreciation. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by LSV Asset Management. This investment option was eliminated July 24, 2015. The balance was transferred to a transition account along with the balances of the Artisan U.S. Mid-Cap Value Fund, the Jennison Mid-Cap Growth Fund, and the Large Cap

Growth/Jennison Fund. The transition account balance was transferred 50% to the Jennison Opportunistic Equity Fund CIT and 50% to the Alliance Bernstein Core Opportunities Fund during the transition period which ended August 6, 2015.

Prudential Retirement Real Estate Fund - This separate account seeks to meet or exceed a customized real estate and real estate securities benchmark return after fees and expenses. This fund of funds invests primarily in existing private real estate funds, publicly traded real estate securities, including Real Estate Investment Trust (REIT) securities, and other real estate related investments. The manager seeks to provide maximum exposure to private real estate funds, while seeking to maintain liquidity for the purpose of meeting withdrawal requests through a combination of cash and cash equivalents, as well as investments in marketable real estate securities. The fund may, to the extent available in the market on reasonable terms, obtain a line of credit. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by PGIM, Inc. (previously, Prudential Investment Management, Inc.), also an affiliate of the Company.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

QMA International Developed Markets Index Fund - This separate account seeks to provide investment results that track the Morgan Stanley Capital International Europe, Australasia, and Far East Index (MSCI EAFE Index). The fund will not hold actively managed stock positions as it does not attempt to outperform the market. The separate account is offered under a group annuity contract issued by the Company and is advised by Quantitative Management Associates, LLC, an affiliate of the Company.

QMA U.S. Broad Market Index Fund - This separate account seeks to provide long-term growth of capital and investment results that approximate the performance of the Standard & Poor's Composite 1500 Index (S&P 1500 Index). The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Quantitative Management Associates, LLC, also an affiliate of the Company.

Small Company Stock Account, VCA-6 - This separate account seeks to outperform the Russell 2000 Index by investing in a diversified portfolio of small companies. The separate account is offered under a group annuity contract issued by the Company, and is advised by Jennison Associates, LLC, an affiliate of the Company. This investment option was eliminated July 24, 2015. The balance was transferred to a transition account. The transition account balance was transferred 50% to the Delaware Small Cap Core Equity Fund and 50% to the Vanguard Small Cap Index Fund during the transition period which ended August 6, 2015.

Wells Capital International Bond Fund - This separate account seeks to provide total return, consisting of a high level of current income and capital appreciation by investing principally in investment-grade securities of government, agency or corporate issuers worldwide, denominated in various currencies. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Wells Capital Management.

Common/Collective Trusts

Jennison Opportunistic Equity Fund CIT - Effective July 24, 2015. This collective trust seeks long-term growth of capital. It is a multi-cap catalyst driven based investment style utilizing a fundamental bottom-up approach. It focuses on finding companies that are either undergoing a positive change in fundamentals or delivering good forward growth characteristics for which expectations are not fully reflected or appreciated by the market. The collective trust is offered by the Prudential Trust Company, an affiliate of the Company. 50% of the transition account consisting of the balances of the Artisan, U.S. Mid-Cap Value Fund, the Jennison Mid-Cap Growth Fund, the Large Cap Growth/Jennison Fund, and the Large Cap Value/LSV Asset Management Fund were transferred to the fund during the transition period which ended August 6, 2015.

Prudential High Yield Collective Investment Trust - This collective trust seeks to outperform the Barclays U.S. High-Yield Ba/B 1% Issuer Capped Bond Index (Bond Index) by 150 basis points over a full market cycle. This fund uses a highly diversified, research-driven strategy targeting an excess return over the Bond Index. The strategy emphasizes the higher quality segment of the high yield market (BB and B-rated corporate bonds) with heavy emphasis on default avoidance. The collective trust is offered by the Prudential Trust Company, an affiliate of the Company.

Wellington Trust Co. International Opportunities Fund - This collective trust seeks to provide long-term total return in excess of the Morgan Stanley Capital International All Country World Index Ex-US (MSCI ACWI Ex-US). This fund invests in international large to mid-cap companies with returns on capital underestimated by the market either on a value or a growth basis with a split between 45% to 55% at any time. A cash position up to 10% may also be held. The collective trust is offered by the Wellington Trust Company, NA Multiple Collective Investment Funds Trust II.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

Registered Investment Companies

Fidelity Government Income Fund - This mutual fund seeks to provide a high level of current income (interest), consistent with preservation of principal. This fund invests at least 80% of its assets in U.S. government securities as well as repurchase agreements for those securities. It invests in U.S. government securities issued by entities that are chartered or sponsored by Congress but whose securities are neither issued nor guaranteed by the U.S. Treasury. The fund invests in instruments related to U.S. government securities and allocates assets across different market sectors and maturities. It engages in transactions that have a leveraging effect on the fund, including derivatives. The mutual fund is advised by Fidelity Management & Research Company. The ticker symbol for this fund is FGOVX. This investment option was eliminated July 24, 2015 and replaced by the Vanguard Intermediate Government Bond Index Fund.

Prudential Jennison Natural Resources Fund, Class Q - This mutual fund seeks long-term growth of capital. This fund generally invests at least 80% of assets in equity securities of natural resource companies and in asset-based securities, the values of which are related to, natural resources. Natural resource companies are U.S. and foreign companies that own, explore, mine, process or otherwise develop, or provide goods and services with respect to natural resources. The principal type of equity and equity-related security in which the fund invests is common stock. The fund is non-diversified. The mutual fund is advised by Prudential Investments, LLC, and Jennison Associates, LLC serves as a sub-advisor. Both are affiliates of the Company. The ticker symbol for this fund is PJNQX.

Vanguard Intermediate Government Bond Index Fund - Effective July 24, 2015. This mutual fund seeks to track the performance of a market-weighted government bond index with an intermediate-term dollar-weighted average maturity. The index includes fixed income securities issued by the U.S. Treasury and U.S. government agencies and instrumentalities, as well as corporate or dollar-denominated foreign debt guaranteed by the U.S. government, with maturities between three and ten years. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VIIGX. This investment option replaced the Fidelity Government Income Fund.

Vanguard Small Cap Index Fund - Effective July 24, 2015. This mutual fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Center for Research in Security Prices (CRSP) U.S. Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VSCPX. 50% of the transition account consisting of the balance of the Small Company Stock Account, VCA-6 was transferred to the fund during the transition period which ended August 6, 2015.

Vanguard Emerging Market Stock Index Fund - Effective June 19, 2015. This mutual fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach designed to track the performance of the Financial Times Stock Exchange (FTSE) Emerging Markets All Cap China A Transition Index, an interim index that will gradually increase exposure to small-capitalization stocks and China A-shares while proportionately reducing exposure to other stocks based on their weightings in the index. The index is a market-capitalization-weighted index. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VEMIX.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

Master Trust

Prudential Financial, Inc. Common Stock Fund - This master trust invests in Prudential Financial, Inc. (PFI) common stock with a small portion invested in money market shares or other investments expected to be liquid. This fund's goal is to approximate the returns of a direct investment in shares of PFI common stock in a fund that also seeks to provide modest liquidity. Values for fund units are not identical to the current values of shares of PFI common stock. This fund has an ESOP and non-ESOP portion (see Note 9).

Prudential IncomeFlex

Prudential IncomeFlex Select provides a guaranteed income for life without requiring an irrevocable election to receive PESP benefit payments as an annuity. Prudential IncomeFlex Select is designed to help invest the participant's PESP accounts to provide future retirement income that is guaranteed for their lifetime. This investment option was only available to participants age 50 or older. Participants could choose to invest their money in one or more of the three IncomeFlex separate accounts (Aggressive Growth, Conservative Growth, and Moderate Growth), which are described in more detail below. Effective December 31, 2013, Prudential IncomeFlex Select was closed to new participants and to new contributions, loan repayments, and transfers. The three Prudential IncomeFlex separate accounts (Aggressive Growth, Conservative Growth, and Moderate Growth) are offered by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, who also serves as the manager of those three separate accounts.

Aggressive Growth Fund - The Prudential IncomeFlex Select Aggressive Growth Fund invests in a fixed asset allocation of underlying funds that are separate accounts available under group variable annuity contracts issued by the Company and the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company. The asset class mix for this fund is 70% stock (56% U.S. stocks and 14% international stocks) and 30% bonds. Each portfolio is rebalanced daily.

Conservative Growth Fund - The Prudential IncomeFlex Select Conservative Growth Fund invests in a fixed asset allocation of underlying funds that are separate accounts available under group variable annuity contracts issued by the Company and the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company. The asset class mix for this fund is 35% stock (28% U.S. stocks and 7% international stocks) and 65% bonds. Each portfolio is rebalanced daily.

Moderate Growth Fund - The Prudential IncomeFlex Select Moderate Growth Fund invests in a fixed asset allocation of underlying funds that are separate accounts available under group variable annuity contracts issued by the

Company and the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company. The asset class mix for this fund is 55% stock (44% U.S. stocks and 11% international stocks) and 45% bonds. Each portfolio is rebalanced daily.

Prudential IncomeFlex Target Balanced Fund

Effective January 2, 2014, Prudential IncomeFlex Target is a new product that provides certain guarantees on retirement income. The investment option under IncomeFlex Target is the Prudential IncomeFlex Target Balanced Fund, which invests in a mix of the index funds currently offered in PESP. The index funds invest in bonds (40%), U.S. stocks (45%), and international stocks (15%) and are rebalanced daily. Unlike a target date fund, the IncomeFlex Target does not reduce exposure to the stock market as participants get older. In exchange for a guarantee fee of 0.95%, IncomeFlex Target provides guaranteed lifetime income, potential for income and asset growth, downside market protection for retirement income, and flexible access to market value. The guaranteed fee is applied only to those dollars invested in IncomeFlex Target. IncomeFlex Target does not guarantee market value, which will fluctuate with market volatility. The underlying index funds are separate accounts available under group variable annuity contracts issued by the Company and by Prudential Retirement Insurance and Annuity Company, an affiliate of the Company.

Table of Contents**The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2015 and 2014****1. Description of the Plan (Continued)**

As of December 31, 2015, the asset allocation by the Plan's investment options under the Prudential IncomeFlex Select and Prudential IncomeFlex Target are shown in the following chart:

	Prudential IncomeFlex Select			Prudential IncomeFlex Target Balanced Fund
	Aggressive Fund	Conservative Fund	Moderate Fund	
Large Cap Stocks				
QMA U.S. Broad Market Index Fund	56%	28%	44%	45%
International Stocks				
QMA International Developed Markets Index Fund	14%	7%	11%	15%
Bonds				
Core Bond Enhanced Index/PGIM Fund	30%	65%	45%	40%

GoalMaker®

GoalMaker® is a computer asset allocation program available to participants. It establishes 12 portfolios, each invested in a different asset allocation mix. Participants select a portfolio based on their completion of an investment risk profile and estimated time to retirement; defaulting participants are assigned to the conservative portfolio applicable to their current age, assuming retirement at age 65. GoalMaker® provides automatic rebalancing of investments once per quarter.

Payment of Benefits

When employment with the Company and its affiliates ends, if the value of a vested participant's account is in excess of \$5,000, the participant may elect to (a) receive a lump sum distribution equal to the value of the participant's vested interest in his or her account, (b) receive an annuity from the Company in the amount that can be purchased with the vested value in his or her account, (c) receive a combination of a single payment for less than the total vested value of his or her account plus an annuity, (d) receive partial distributions (no more than five withdrawals per Plan year, and the amount of any such withdrawal must equal at least \$300), or (e) delay taking a distribution of the vested value of his or her account until it is required by law. If the value of a terminated vested participant's account is \$5,000 or less,

the participant may not defer distribution of his or her account.

Actively employed participants can make in-service withdrawals from PESP. The amount available for in-service withdrawals includes amounts credited to a participant's After-Tax Contributions Account, Rollover Contributions Account, and pre-2001 Company Matching Contributions Account. Participants who have attained age 59 ½ can also withdraw amounts from their Before-Tax Contributions Account, Roth 401(k) Contributions Account and Roth In-Plan Rollover Contributions Account. Participants can make up to five withdrawals each calendar year, and the withdrawals are subject to a 10% federal early distribution tax for participants less than 59 ½ years of age, in addition to the regular income tax that applies, except for After-Tax Contribution amounts. Other penalties may apply to Roth 401(k) and Roth In-Plan Rollover amounts if the withdrawals are not qualified distributions.

Table of Contents

The Prudential Employee Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

1. Description of the Plan (Continued)

When funds are not available from an in-service withdrawal or when a loan will create a hardship, participants may apply for a hardship withdrawal without first taking a loan. T